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ED/EC M-189
March 5, 1956

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

10:30 a.m., Monday, February 27, 1956
Room 1213 Maiatico

Present:

MDAC

Mr. Hale, Chairman
Mr. Levin
Mr. Kramer, Executive Secretary
Mrs. Huver, Committee Secretary

State

Mr. Gilchrist
Mr. Knoll
Miss Worthing
Mr. Goodkind
Mr. Hodge

CIA

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Treasury

Mr. Pollak

Commerce

Mr. Hockersmith
Mr. George

ICA

Mr. Slaght

USRO/ST

Mr. Walstrom

Defense

Mr. Nichols
Col. Green

Agenda Item: Review of Papers in Response to Dodge Council Assignment
(ED/EC D-96)

State Dept. declassification & release instructions on file

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Review of Papers in Response to Dodge Council Assignment (ED/EC D-96)

Decisions

At the request of CIA, a footnote was added to page 3 of Annex A which would show that CIA believes there is a rational basis on which to evaluate the relative importance of items to the military potential of Communist China, which is contrary to the Defense Department's opinion.

Tab A-1 would be described as a Defense paper, since CIA felt they could not subscribe to all of the intelligence information contained therein.

Discussion

The members reviewed the following draft papers prepared in response to the Dodge Council assignment as outlined in ED/EC D-96 and 96a:

1. A Defense-CIA paper in response to Assignment (a) which will be entitled "Appraisal of the Items of Greatest and Least Advantage to the Military Potential of Communist China" and which will be presented in edited form as Annex A.

The Defense and CIA members could not come to agreement on the relative importance of items to the military potential of Communist China, and Defense could not agree with CIA that there is a rational basis for determining that relative importance. The CIA member, therefore, requested that a footnote be inserted on page 3 of Annex A which would read as follows:

"CIA has prepared an evaluation of intelligence bearing on the strategic importance for, and the supply position of, Communist China with respect to all commodities which COCOM/CHINCOM countries have placed under embargo to China but not for the rest of the bloc. This evaluation assessed the relative importance of each item to China's military potential, China's economic growth and industrialization, and China's indigenous and overall supply position. On the basis of these factors the CIA evaluation distributes the items from the entire differential list into five groups."

2. A paper entitled "Evaluation of the Relation of Items Proposed for Decontrol to Continued Improvement in Communist Chinese Military Potential" which will be submitted as Tab 1 to Annex A.

The CIA member stated that his agency would need time to review this paper and in the absence of CIA concurrence, it will be considered a Defense paper.

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3. A joint State-Commerce paper entitled "Appraisal of the Advantages to the Free World of the Removal of Selected Commodities from the CHINCOM Controls List", which will be presented as Annex B.

4. A joint State-Commerce paper entitled "Ranking on Basis of the Apparent Economic Advantage of Commodities Proposed by the United Kingdom for Decontrol from the China Differential List", which will be submitted as Tab 1 to Annex B.

5. A joint State-Commerce paper entitled "Ranking on Basis of the Apparent Economic Advantage of Commodities Proposed by the Japanese for Decontrol from the China Differential List", which will be presented as TAB 2 to Annex B.

The members were informed that a third State-Commerce paper entitled "Ranking on Basis of Apparent Economic Advantage of Commodities not Proposed by British or Japanese for Decontrol from the Consolidated China Special List", which covers the residual items, would be forthcoming to be presented as Tab 3 to Annex B.

6. A paper prepared in MDAC on the implications of the Battle Act, entitled "Relation of the Reductions Proposed by the British to the Battle Act List as a Possible Violation of the Intent of the Congress", which would be presented as Annex C.

The Defense member stated that he could not give full concurrence to this paper, but he would discuss it in his Department.

7. The draft transmittal memorandum from the Chairman of EDAC to the Chairman of CFEP.

It was the feeling of the members that EDAC had fulfilled its assignment with the presentation of these papers. They did not think that EDAC was further required to recommend that they be given instructions for preparing a negotiating position. The Chairman stated that Admiral DeLany would put this document before EDAC with the recommendation appearing in the last paragraph of the draft.

Distribution

ED List - Parts I ~~and II~~ and II

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ED/EC D-96/1

March 2, 1956

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MEMORANDUM

To: Chairman, Executive Committee

From: Chairman, EDAC *K. H. ...*

Subject: Review of Multilateral Export Controls
on Trade with Communist China

Reference: Supplemental Dodge Assignment of 2 March (attached)

Transmitted herewith is a letter from Mr. Dodge, dated 2 March, requesting certain explicit additional work and the recommendation of EDAC.

The Executive Committee is requested to pursue this assignment promptly in order to place a report before an EDAC meeting on Friday, 16 March. Required documents should be cleared by the Executive Committee to allow distribution 48 hours in advance of the EDAC meeting.

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